



County of Los Angeles
Department of Public Social Services

Bryce Yokomizo
Director

June 12, 2002

TO: Each Supervisor

FROM: Bryce Yokomizo, Director

SUBJECT: **RENEWAL OF GAIN CASE MANAGEMENT OPERATIONS
CONTRACTS WITH MAXIMUS, INC. AND ACS STATE AND LOCAL
SOLUTIONS, INC.**

On July 11, 2000, your Board instructed the Director of the Department of Public Social Services (DPSS) to negotiate and execute contracts for GAIN Case Management Operations with MAXIMUS, Inc. for GAIN Region VII (East Valley) and ACS State and Local Solutions, Inc. (formerly Lockheed Martin IMS) for GAIN Region II (West Valley and Palmdale/Lancaster). The contracts were executed with each contractor for two years, effective October 1, 2000. Your Board also delegated to the Director of DPSS the authority to renew each contract, at the discretion of the Director of DPSS, for up to three (3) additional one-year periods by amending each contract to reflect such renewal.

This is to inform your Board that the contracts with MAXIMUS, Inc. and ACS State and Local Solutions, Inc. are due to expire September 30, 2002. I plan to obtain revised budgets for the next year from each contractor and, if cost effective, I plan to exercise the contract option to renew each contract for one year, effective October 1, 2002. If it is determined that the contracts are not cost effective, I will provide you with an update on our plans to bring the services back in-house, pursuant to the requirements of Proposition A.

To date, the contractors have provided satisfactory performance. Each contract allows incentive payments for exceeding the County's performance by at least 3 percent in both of the two key service areas during the same six-month interval periods. The two key service areas are the average monthly placement rate and average monthly entry level wage for GAIN participants. Conversely, each contract provides penalty deductions for falling below the County's performance by at least 3 percent in both service areas. Although the contracts were approved effective October 1, 2000, the incentive payment and penalty deduction provisions in each contract are applicable beginning November 1, 2000.

Following are cumulative six-month average employment placement rates and the average entry level wage for the periods of November 2000 through April 2001 and May 2001 through October 2001, as compared to County averages for the same periods:

County/ Contractor	Employment Placements				Average Wage			
	Cumulative 6-Month Average Employment Placement Rate		Percent Difference Compared to County's Average Employment Placement Rate		Cumulative 6-Month Average Entry Level Wage		Percent Difference Compared to County's Average Entry Level Wage	
	11/00 thru 04/01	05/01 thru 10/01	11/00 thru 04/01	05/01 thru 10/01	11/00 thru 04/01	05/01 thru 10/01	11/00 thru 04/01	05/01 thru 10/01
ACS	5.43%	7.34%	-26.3%	-32.5%	\$7.72	\$7.83	3.5%	5%
MAXIMUS	10.26%	11.74%	39.2%	7.9%	\$7.60	\$7.80	1.9%	4.6%
County	7.37%	10.88%			\$7.46	\$7.46		

For the period of November 2000 through April 2001, there were no incentive payments or penalty deductions for either contractor because they did not meet the contract incentive/penalty criteria.

For the period of May 2001 through October 2001, MAXIMUS' performance exceeded County's performance threshold for both placements and entry level wage, resulting in an incentive payment. ACS received no incentives, nor were they assessed any penalties, for the May 2001 through October 2001 period.

BY:jj

c: Executive Officer, Board of Supervisors
Chief Administrative Officer
County Counsel